

RESOLUTION
AUTHORIZING JOINT HEARING
WITH
PUBLIC UTILITIES COMMISSION
ON
GREAT RIVER ENERGY

PROPOSED CAMBRIDGE STATION PROJECT

WHEREAS, Great River Energy has applied to the Public Utilities Commission for a certificate of need for a natural gas simple cycle power plant to be located in Isanti County, Minnesota; and

WHEREAS, Great River Energy has applied to the Environmental Quality Board for a site permit for the project; and

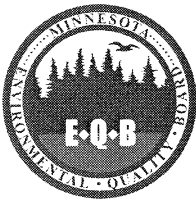
WHEREAS, Minn. Stat. § 216B.243, subd. 4 authorizes the EQB and the PUC to hold a joint hearing on a proposed large energy facility, and

WHEREAS, A joint hearing is feasible, will be more efficient, and should further the public interest by allowing interested persons to participate in a single hearing, and

WHEREAS, Great River Energy has requested the holding of a joint hearing.

NOW, THEREFORE, BE IT RESOLVED that the Environmental Quality Board authorizes the holding of a joint hearing, upon approval of the Public Utilities Commission, on the applications by Great River Energy for a certificate of need and a site permit.

BE IT FURTHER RESOLVED, that the EQB Chair is authorized to act on behalf of the EQB to perform such tasks as are necessary to carry out this resolution.



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March 10, 2005

TO: Members
Environmental Quality Board

FROM: William Cole Storm
EQB Staff, (Tel: 651-296-9535)

RE: GRE Cambridge Station
EQB Docket No. 05-92-PPS-GRE Cambridge Station

ACTION REQUESTED: The Board is asked to pass a resolution authorizing the holding of a joint hearing with the Public Utilities Commission on an application by Great River Energy (GRE) for a certificate of need and an application for a site permit for a natural gas-fired power plant in Isanti County, Minnesota

BACKGROUND: In March, 2005, GRE submitted to the Minnesota Environmental Quality Board (MEQB) a site permit application regarding the Cambridge Station.

On February 28, 2005, GRE submitted to the Minnesota Public Utilities Commission (MPUC) a Certificate of Need application regarding the Cambridge Station.

GRE has requested that a joint hearing be held to consider both the CON and Site Permit applications. Minn. Stat. § 216B.243, subd. 4.

GRE proposes to construct a 170 MW, natural gas-fired, simple cycle combustion turbine generator at its existing peaking plant site near Cambridge in Isanti County, Minnesota. The proposed facility will be located on a current generating site, approximately 13 acres in size, owned by GRE. The site currently has a 25 MW, fuel oil-fired, combustion turbine generator and associated substation.

To supply natural gas to the facility, a ½-mile, 10 inch diameter lateral pipeline will be constructed to connect the Cambridge Station to the Northern Natural Gas Company's (NNG) existing interstate pipeline. The natural gas pipeline will be permitted through a separate process through the Federal Energy Regulatory Commission (FERC).

Upgrades to the substation and re-conductoring of three transmission lines that enter the Cambridge Station will be required. No change in voltage of the existing three 69 kV transmission lines is planned; therefore, no EQB HVTL routing permit would be required.

Both a certificate of need from the PUC and a Site Permit from the EQB are required before the applicant may go ahead with the project.

DISCUSSION: Under the rules adopted by the EQB in February 2004 (Minn. Rules parts 4410.7010 to 4410.7070), the EQB is the responsible governmental unit that prepares an

Environmental Report on large energy projects at the certificate of need stage before the PUC. In the Environmental Report, the EQB addresses the environmental effects of the proposed project and the environmental effects of different types of facilities that might be constructed to meet the alleged need. The PUC determines whether the new large energy facility is needed and the size and type of any facility to be constructed.

The EQB then determines the appropriate site upon which to build the facility that the PUC has found is needed. When the EQB considers the approval of a specific site for the facility, it prepares a document called an Environmental Assessment, which contains an evaluation of the environmental effects of the project authorized by the PUC at the site proposed by the applicant and at possible alternative sites if any are identified.

Oftentimes, an applicant has a specific site in mind when a certificate of need for the proposed project is applied for. In such instances, it is possible to combine the general environmental review for the PUC with the site-specific environmental review for the EQB into one document. The EQB rules specifically allow for such accommodation. Minn. Rules part 4410.7060. The decision to join the environmental review has been made by the EQB Chair.

The decision to hold a joint hearing, however, is one that is reserved for the Board. Minn. Stat. § 216B.243, subd. 4.

If the [public utilities] commission and the environmental quality board determine that a joint hearing on siting and need under this subdivision and section 116C.57, subdivision 2d, is feasible, more efficient, and may further the public interest, a joint hearing under those subdivisions may be held.

The PUC is currently considering whether it would be appropriate to hold a joint hearing; a decision is anticipated in early April, 2005 when the Commission makes its completeness determination. This matter would be the second time that the PUC and the EQB will have held a joint hearing. The other matter was the Calpine gas plant in Mankato, Minnesota.

STAFF RECOMMENDATION: The staff recommends that the Board pass a resolution authorizing the holding of a joint hearing. There is time to issue a joint notice of hearing and to prepare for the hearing. And in the end, it will provide for a more expeditious consideration of final action by the PUC and the EQB. A joint hearing is feasible, will be more efficient, and should further the public interest.